

BSNL freezes employee benefits, plans VRS package

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State-run telecom player BSNL has frozen its employee benefits and is undertaking other measures to cut down its expenditure drastically, aiming to sustain itself in the current market scenario, its chairman and managing director Anupam Shrivastava told DNA Money.

With all the cost cutting exercises put together, the company has been able to save Rs 2,500 crore last year and a similar amount is expected to be saved in the ongoing fiscal.

Out of Rs 2,500 crore savings annually, one fourth i.e, Rs 625 crore are employee benefits. BSNL has been struggling to manage its financials because of a huge employee base that stands at around 1.8 lakh with annual expenses of Rs 15,000 crore.

BSNL has also submitted a preliminary report by IIM Ahmedabad for the revival of the company. A final report will be submitted soon. Among other measures, the report suggests giving VRS (voluntary retirement scheme) to about 35,000 employees at a cost of Rs 13,000 crore.

"We are cutting costs in terms of electricity, administrative expenses and freezing our employee benefits. For the time being, we are not giving any LTC (leave travel concession) benefits, etc. The medical expenses are also being controlled," Shrivastava said.

"We are working on various models on how to meet the costs (for VRS package), it could either come from the government support or through a soft loan. All these modalities are being worked on," he said.

One of the biggest challenges for BSNL has been its large workforce. Even with the change in technology, the headcount stands has been on a higher side. While other telecom players have about 25,000-30,000 employees, BSNL has over five times that number.

When asked if there have been protests from employees on this move, he said, fortunately, employees have come forward on their own. "They said if you (BSNL) have to really survive, we need have to do various such activities to ensure that company survives the turmoil in the market and benefits to employees can come when the company is profitable."

The entry of Reliance Jio in the telecom space in late 2016 has pushed the financials of incumbents, including that of BSNL, on a downward spiral, apart from triggering a consolidation phase in the industry where now only three private players are left along with BSNL/MTNL. BSNL and MTNL have been posting losses and struggling to survive in a hyper-competitive market.

According to Telecom Regulatory Authority of India's data for July-September 2018 quarter, barring Reliance Jio, all the telecom players posted a fall in AGR (adjusted gross revenues) from access services. Vodafone Idea reported a decline of 8.49% at Rs 7,528.37 crore, Bharti Airtel saw a dip of 1.31% at Rs 6,720.88 crore and BSNL recorded a 15.32% drop at Rs 1,925.33.

With declining average revenue per user and profitability, the telecom players are constantly looking at ways to find new streams of revenues and saving costs.

"Our focus is preserving market share. In the industry, a trend always comes where you have to preserve your market share and take a hit on your financials. So last year, we went ahead with this strategy of preserving the market share and match tariffs with the competition. As a result, we have taken a hit on our financials and with our employee costs being so high, it had become really difficult to remain in positive territory. Last year, we also booked losses," he said.